

## Message Text

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ACTION EA-14

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E.O. 11652: N/A

TAGS: ETRD, PINT, CH

SUBJECT: EFFECT OF THE ANTI-CONFUCIUS CAMPAIGN ON PRC COMMERCIAL  
RELATIONS

SUMMARY: DURING SEPARATE BUSINESS TRIPS TO PEKING COVERING  
THE PERIOD FROM FEBRUARY 1 TO MARCH 18, TWO FOREIGN BUSINESS-  
MEN SAID THE ANTI-CONFUCIUS CAMPAIGN HAD NO EFFECT ON THEIR  
ABILITY TO CONDUCT BUSINESS WITH THE PRC. HOWEVER, THEY  
FOUND THE CHINESE "NERVOUS," AND GENERALLY BEWILDERED BY THE  
CAMPAIGN. END SUMMARY.

1. TWO FOREIGN BUSINESSMEN, A CANADIAN IMPORTER AND A HK  
CHINESE EAST ASIATIC COMPANY (EAC) REPRESENTATIVE, DES-  
CRIBED THEIR RECENT BUSINESS TRIPS TO THE PRC TO CONGENOFFS  
AT DINNER ON MARCH 19. THE EAC REPRESENTATIVE SPENT THE  
ENTIRE MONTH OF FEBRUARY PARTICIPATING IN AN EAC TECHNICAL  
SYMPOSIUM IN PEKING; THE CANADIAN RETURNED FROM A TEN-DAY  
VISIT TO PEKING ON MARCH 18. BOTH SAID THAT THE ANTI-CONFUCIUS  
CAMPAIGN HAD NOT AFFECTED THEIR ABILITY TO CONDUCT  
BUSINESS WITH THE CHINESE.

2. IN THEIR CONTACTS WITH SEVERAL STATE TRADING COR-  
PORATIONS (STC), THE BUSINESSMEN FOUND STAFF MEMBERS  
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INVOLVED WITH THE CAMPAIGN (OFTEN SPENDING HALF DAYS

IN REQUIRED POLITICAL MEETINGS) BUT OTHERWISE WILLING AND EXTREMELY INTERESTED IN BOTH BUYING AND SELLING. BOTH MEN SENSED A CERTAIN TENSENESS IN THE STC NEGOTIATORS, BUT THE EAC REP SAID THAT OFFICIALS HE HAD MET ON PREVIOUS TRIPS WERE STILL IN PLACE.

3. IN DISCUSSING THE SERIOUSNESS OF THE CAMPAIGN IN THE STC'S, THE EAC REPRESENTATIVE SAID THAT EVEN DURING POLITICAL MEETINGS STC STAFF MEMBERS COULD BE REACHED BY TELEPHONE AND COULD LEAVE MEETINGS TO LOOK AFTER BUSINESS MATTERS. END USERS (TECHNICAL PERSONNEL REPRESENTING PRODUCTION UNITS) WHO TOOK PART IN NEGOTIATIONS WERE NOT REQUIRED TO ATTEND STUDY SESSIONS, APPARENTLY BECAUSE THEY WERE AWAY FROM THE HOME UNITS.

POSTERS WERE NOT DISPLAYED IN THE STC OFFICES BUT WERE VISIBLE IN STUDY ROOMS AND STAFF LOUNGES. ON SEVERAL OCCASIONS, EAC WAS ASKED TO HOLD EVENING WORK SESSIONS AND AT BANQUETS THE CHINESE WERE RELAXED AND FRIENDLY. STC STAFF WOULD DISCUSS THE CAMPAIGN BUT ONLY IN THE MOST STANDARD PEOPLE'S DAILY TERMS.

4. IN RESTAURANTS, HOTELS, AND CASUAL CONTACTS, BOTH BUSINESSMEN FOUND THE CHINESE "NERVOUS" AND GENERALLY BEWILDERED BY THE CAMPAIGN. IN COMPARISON WITH PAST TRIPS, THE EAC REPRESENTATIVE FOUND THAT WAITERS AND HOTEL STAFFS MAINTAINED STRICT DECORUM AND WERE UNWILLING TO SMILE OR JOKE WITH HIM AS THEY HAD DONE LAST FALL. THE BUSINESSMEN CONCLUDED THAT WHILE NO ONE KNEW WHERE THE CAMPAIGN WAS GOING, AS LONG AS IT REMAINED AT ITS PRESENT LEVEL, IT WOULD APPEAR TO HAVE LITTLE EFFECT ON THEIR OWN BUSINESS TRANSACTIONS.

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